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national farmers union

In Union Is Strength



National Farmers Union

Memorandum

to the

Canadian Wheat Board

on the subject of

Producer Funding of Plant Breeding Research

presented

Saskatoon, Sask.

December 10, 1991

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We welcome this opportunity to discuss the subject of producer funding of plant breeding research.

We can at the outset inform you that the policy of our organization has steadfastly been that research funding for new plant development and its attendant requirements should be financed from the public treasury.

This philosophical position is based on the belief that the production of agricultural crops and livestock serves a beneficial national purpose that benefits all Canadians rather than farmers exclusively.

Our exports of agricultural products have consistently fallen within the range of \$8.8 to \$10.4 billion over the past 10 years, annually exceeding food imports by amounts of \$4.3 billion to \$1.7 billion in the same period. Agriculture has contributed significantly to the nation's favourable balance of payments.

In spite of the best efforts of farmers to maximize their production and provide the wealth that food brings to the national economy, their costs of production are often not recovered. Indeed, they are currently in a severe state of economic depression that needs no further elaboration from us on this occasion.

Agriculture is becoming so marginalized in Canada that farm population is estimated to have declined from 216,000 in 1985 to 177,000 in 1989 or by 22%. At the same time those producers remaining in farming have in growing numbers been

forced to supplement their farm income through off-farm income sources in order to remain in agriculture. In 1989, average off-farm income per farm family was \$20,528 while net farm income was only \$17,219.

We are the first to defend the research reputation of the public research departments that have accumulated a long and enviable record of discovery. They have succeeded in keeping Canadian quality reputation and farmers competitive throughout the world. The nation benefited, including farmers. The nation considered research funding a priority while at the same time assuring that the product of new technology could be transferred to farmers at reasonable cost.

But the change in public policy direction is clear. Funding to research has been reduced despite claims that government has no intentions of reducing its contributions. In 1985-86, federal research grants and contributions to universities, firms and organizations for agricultural research and development was \$6,632,000. In 1989-90, it was \$3,378,000.

Agriculture Canada's involvement in plant product testing has, during the past four years, declined from 24,587 to 14,689. The need has not been reduced.

The federal government has additionally elected to follow the path of privatization in plant breeding through its passage of the Plant Breeders' Patent Rights Act of 1990. Now, it seems clear, it wishes too off-load a considerable amount of its responsibility for the public funding of research by directly taxing farmers in one form or another. The hypothetical proposal outlined in this discussion paper for the funding of wheat and barley research is but one of many openings the federal Department of Agriculture created to avoid its research funding responsibility.

Under the National Farm Products Marketing Act, commodity organizations may now independently apply for a commodity check-off if designated for "research and promotion". At the provincial level check-offs are already in effect for barley, pulses, canola, soft wheat and winter wheat in Alberta and canola in Saskatchewan.

Check-offs designated as "voluntary" in reality impose a form of double compulsion upon producers who do not wish to be taxed in this way. They're compelled to pay the check-off at the time of delivery of their crops and later compelled to seek refunds within a very narrow time frame. It is well understood that the reason commodity organizations are proponents of voluntary check-offs is to avoid putting the question to a referendum of producers.

The proliferation of numerous commodity check-offs really raises the issue of the effectiveness of numerous research funds under the jurisdiction of a like number of allocating agencies or committees distributing research funding throughout the research community.

We do not agree the fragmentation of the research effort is well served in this way. Canada needs a national plan whereby a co-ordinated and well directed research effort can be conducted in such a way as to determine where our research priorities should be applied, without possible duplication of effort.

The discussion paper under review raises a number of questions.

For example, it states: **"Clearly, any undertaking in this area would be made on the understanding that government commitments to research in wheat and barley variety development would in no way be reduced if producer contributions are introduced."** There currently is no such undertaking and if such an undertaking were made to whom would it be made? If contribution cuts were nonetheless to follow, would producer contributions then also be reduced proportionately or is it more likely that they would need to be increased? The latter is the most likely scenario.

Would the government commit itself to match producer contributions dollar for dollar?

What would be the status of wheat and barley sold off-board -- or sold through agencies such as the Ontario Wheat Producers Marketing Board? Some hard red springs are produced in that province as are winter and soft white varieties.

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What would be the situation with regard to possible imports of wheat and barley? Would the importing processor or seed agency be required to apply a research levy on such grains?

Who would distribute new varieties funded by farmer levies? Would the royalties earned by such varieties which, incidentally, will all be paid by farmers, be returned to research efforts or the pool accounts?

Will the research levy be deducted from pool accounts and never be seen by producers or will they appear as deductions on cash tickets?

The amount of the funding requested for research is not indicated in the discussion paper, however, we understand an earlier study of the research funding issue was prepared for the Board to which we have not had access.

In any event, assuming the proposed amount may not be considered to be excessive on a per-tonne basis, we wish to make it clear that the issues we have raised in this response turn on the fundamental question of principle and where the responsibility should rest to fund research for crop varieties and other areas of concern complimentary to crop production such as pest control.

In some respects this discussion may be academic in the light of the federal government's performance and apparent policy initiatives in this regard. Nonetheless, we believe the government cannot be permitted to continue off-loading its program costs upon farmers unchallenged. We urge your further careful consideration of this issue.

All of Which is Respectfully
Submitted by:

NATIONAL FARMERS UNION

